

AMENDED IN ASSEMBLY MAY 28, 2010

AMENDED IN ASSEMBLY APRIL 13, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 2188

**Introduced by Assembly Member Bradford
(Coauthors: Assembly Members Caballero, Carter, Salas, and
Solorio)**

February 18, 2010

An act to amend Section 3075 of, and to add ~~Sections 1326.5, 1326.6,~~
~~and Section 2702.5~~ to, the Unemployment Insurance Code, relating to
unemployment insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2188, as amended, Bradford. Unemployment compensation:
disability benefits: electronic payment.

Existing law authorizes the Employment Development Department
to administer ~~the state unemployment insurance and the disability~~
~~compensation programs program~~. Existing law requires the department,
among other duties, ~~to make unemployment compensation payments~~
~~as prescribed by the Director of Employment Development, and to make~~
disability benefit payments by checks drawn on a specified bank, as
provided.

The bill would ~~authorize~~ *remove the requirement to pay by check and*
thus allow the director to make these payments using electronic
technology, and if using a vendor to provide electronic payments,
prescribe criteria for a contract between the department and the vendor.

~~This bill would require the State Auditor to prepare and submit a report to specified legislative committees, as provided, evaluating the implementation of these electronic payments.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 1326.5 is added to the Unemployment~~
2 ~~Insurance Code, to read:~~
3 ~~1326.5. Any contract entered into between the department and~~
4 ~~a vendor for the electronic payment of benefits shall include the~~
5 ~~following criteria:~~
6 ~~(a) Provide claimants a process to resolve disputes with the~~
7 ~~vendor in a timely manner.~~
8 ~~(b) Require that claimants have free and unlimited access to~~
9 ~~customer service that meets or exceeds the services provided by~~
10 ~~the department prior to the implementation of electronic payment~~
11 ~~of benefits.~~
12 ~~(c) Prohibit the assessment of any fees to a claimant for~~
13 ~~accessing the electronic payment of benefits under all of the~~
14 ~~following circumstances:~~
15 ~~(1) A transaction with a teller at any bank, credit union, or other~~
16 ~~similar financial institution.~~
17 ~~(2) A point of sale transaction where an electronic benefit card~~
18 ~~is utilized to purchase goods or services.~~
19 ~~(3) A transaction at any automatic teller machine in the vendor's~~
20 ~~financial network.~~
21 ~~(d) Allow for inquiries on account balances from automatic~~
22 ~~teller machines.~~
23 ~~(e) Charge no fees wherever the vendor can exercise that option.~~
24 ~~(f) Require the vendor to meet or exceed all federal and state~~
25 ~~laws for financial privacy and language access requirements.~~
26 ~~(g) Meet the requirements set forth in Section 19130 of the~~
27 ~~Government Code.~~
28 ~~(h) Create a procedure to prevent overdraft fees.~~
29 ~~(i) Prohibit the deduction of any fees, charges, or debt from~~
30 ~~future unemployment benefits.~~
31 ~~SEC. 2. Section 1326.6 is added to the Unemployment~~
32 ~~Insurance Code, to read:~~

1 ~~1326.6. The State Auditor shall complete an evaluation of the~~
2 ~~implementation of electronic payment of unemployment insurance~~
3 ~~and disability insurance benefits and report to the Joint Legislative~~
4 ~~Budget Committee, the Assembly Insurance Committee, and the~~
5 ~~Senate Labor and Industrial Relations Committee within 18 months~~
6 ~~of the implementation of Section 1326.5. The requirement for~~
7 ~~submitting a report is inoperative four years after the State Auditor~~
8 ~~submits the report to those legislative committees, and as of that~~
9 ~~date is repealed.~~

10 ~~SEC. 3.~~

11 ~~SECTION 1.~~ Section 2702.5 is added to the Unemployment
12 Insurance Code, to read:

13 2702.5. Any contract entered into between the department and
14 a vendor for the electronic payment of disability benefits shall
15 include the following criteria:

16 (a) Provide claimants a process to resolve disputes with the
17 vendor in a timely manner.

18 (b) Require that claimants have free and unlimited access to
19 customer service that meets or exceeds the services provided by
20 the department prior to the implementation of electronic payment
21 of disability benefits.

22 (c) Prohibit the assessment of any fees to a claimant for
23 accessing the electronic payment of disability benefits under all
24 of the following circumstances:

25 (1) A transaction with a teller at any bank, credit union, or other
26 similar financial institution.

27 (2) A point of sale transaction where an electronic benefit card
28 is utilized to purchase goods or services.

29 (3) A transaction at any automatic teller machine in the vendor's
30 financial network.

31 (d) Allow for inquiries on account balances from automatic
32 teller machines.

33 (e) Charge no fees wherever the vendor can exercise that option.

34 (f) Require the vendor to meet or exceed all federal and state
35 laws for financial privacy and language access requirements.

36 (g) Meet the requirements set forth in Section 19130 of the
37 Government Code.

38 (h) Create a procedure to prevent overdraft fees.

39 (i) Prohibit the deduction of any fees, charges, or debt from
40 future disability benefits.

1 ~~SEC. 4.~~

2 *SEC. 2.* Section 3075 of the Unemployment Insurance Code
3 is amended to read:

4 3075. The director shall, without presenting vouchers and
5 itemized statements, withdraw from the Disability Fund any sums
6 that he or she deems necessary for the payment of disability
7 benefits for a reasonable future period. The Controller shall draw
8 his or her warrant for any claim presented by the director for the
9 payment and the Treasurer shall pay the warrant. Upon the
10 withdrawal thereof, those sums shall be deposited in a disability
11 benefit payment account in such bank or public depository and
12 under those conditions as the director determines, with the approval
13 of the Department of Finance. The bank or public depository shall
14 be one in which general funds of the state may be deposited, but
15 no public deposit insurance charge or premium shall be paid out
16 of that account. Money in this account shall be used solely to pay
17 disability benefits by the department pursuant to authorized
18 regulations and no other disbursement shall be made from that
19 account, except that amounts erroneously and illegally deposited
20 in that account may be refunded. The procedure prescribed by
21 those regulations shall satisfy and be in lieu of any and all statutory
22 requirements of specific appropriation or other form of release by
23 state officers of money in their custody prior to expenditure that
24 might otherwise be applicable to withdrawals from that account.

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